

**REPORT OF THE
GOVERNMENT OPERATIONS AND AUDIT COMMITTEE
2014**

COMMITTEE MEMBERS

**Senator Larry Tidemann, Chair
Representative Dan Dryden, Vice Chair**

**Representative Justin Cronin
Representative Melissa Magstadt
Representative Mark Mickelson
Representative Susan Wismer**

**Senator Blake Curd
Senator Phyllis Heineman
Senator Jean Hunhoff
Senator Larry Lucas**

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COMMITTEE RESPONSIBILITIES

The Government Operations and Audit Committee was established by South Dakota Codified Law (SDCL) 2-6-2. The Committee is appointed at each regular session of the Legislature. The Committee consists of ten members, five members from the Senate appointed by the President Pro Tempore of the Senate, one of whom shall be a member of the Judiciary Committee and five members from the House appointed by the Speaker of the House, one of whom shall be a member of the Judiciary Committee.

The responsibilities of the Committee are:

- To inquire and review any phase of the operations and the fiscal affairs of any department, institution, board or agency of the state;
- To examine records and vouchers, summon witnesses, examine expenditures and the general management of departments, as deemed necessary;
- To review any findings of abuse or neglect in a juvenile corrections facility;
- To review the annual report of the South Dakota 911 Coordination Board;
- To review the annual reports from each Department administering the funds received from the Building South Dakota Fund;
- To make a continuing study of the operation of the state's correctional system; and,
- To make a detailed report to the Senate and House of Representatives and submit a copy of its report to the Appropriations Committee of each House of the Legislature at the next succeeding session of the Legislature or any special session of the Legislature upon request of the body.

COMMITTEE ACTIVITY

Audit Reports

The Committee reviewed the South Dakota Single Audit Report and other separately issued audit reports for the fiscal year ended June 30, 2013.

Financial and compliance audits involve testing financial transactions of the state to determine that money is properly accounted for and expended in accordance with state and federal laws and regulations. All audits conducted of state agencies were consolidated and reported in the Single Audit Report. The Single Audit Report includes the Comprehensive Annual Financial Report for the State of South Dakota prepared by

the Bureau of Finance and Management, a schedule showing the federal awards administered by the state and related expenditures, and audit findings and recommendations issued by the Department of Legislative Audit.

The Single Audit Report was issued in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by Comptroller General of the United States, U.S. Office of Management and Budget (OMB) Circular A-133, and South Dakota Codified Laws. A copy of this report may be obtained from the Department of Legislative Audit.

The Committee reviewed financial reporting, internal control and compliance deficiencies written on thirteen (13) state organizations, containing forty (40) recommendations for corrective action. Twenty (20) recommendations related to violations of federal laws and regulations; and, twenty (20) recommendations related to inadequate internal control procedures over receipts, revenue collections, expenditures, and financial reporting.

The following represents the state agencies with audit findings and recommendations from fiscal years 2013 and 2012 and the implementation of fiscal year 2012 audit recommendations:

State Agency	Recommendations		
	Fiscal Year <u>2013</u>	Fiscal Year <u>2012</u>	FY2012 Imple- mented
Governor's Office of Economic Development	7	1	1
Bureau of Finance and Management	2	2	0
Department of Revenue	3	3	1
Department of Agriculture	6	0	N/A
Soybean Research & Promotion Council	2	3	1
South Dakota Corn Utilization Council	3	2	0
Department of Tourism	0	1	1
Department of Game, Fish and Parks	0	2	2
Department of Labor Unemployment Insurance Fund	1	3	2
Board of Regents	1	1	0
University of South Dakota	1	0	N/A
Economic Development Finance Authority	1	0	N/A
Animal Industry Board	2	0	N/A
Department of the Military	1	0	N/A
Department of Health	10	0	N/A
South Dakota Housing Development Authority	0	2	2

N/A This agency did not have any FY2012 audit recommendations.

The Department of Agriculture was asked to appear before the Committee to discuss six audit findings. The Finance Officer for the Department for Agriculture came before the committee to discuss a corrective action plan with respect to the audit findings. No further action was deemed necessary by the Committee at this time.

The Department of Health was asked to appear before the Committee to discuss seven audit findings. The Director of Administration for the Department of Health came before the committee to discuss a corrective action plan with respect to each audit finding. The Committee requested and received additional information from the Department of Health regarding the findings and no further action was deemed necessary by the Committee.

Specific Matters Pertaining to Various State Agencies

Department of Agriculture

The Secretary of the Department of Agriculture addressed the Committee on two occasions regarding the state's food safety measures for unpasteurized dairy products. The Department Secretary gave a brief history of the Raw Milk Work Group and discussed what the group is currently doing to determine that the appropriate safety measures are being used for unpasteurized dairy products.

The Committee asked questions about the current safety inspection procedures in place. The Department Secretary explained that there are currently three producers who are actively engaged and two producers who are selling bottled raw milk. There are tests done on a monthly basis for those providing direct delivery to consumers. The tests completed are to verify the raw milk is not contaminated and is meeting the standards found in Administrative Rules of South Dakota. When asked about the requirements applicable to farmer's markets, he added that more clarity is needed. The Department Secretary reported back to the Committee about the outcomes from meetings with the Raw Milk Work Group and explained proposed legislation being developed by the group.

Governor's Office of Economic Development

The Governor's Office of Economic Development (GOED) was contacted by federal investigators inquiring into matters occurring in the Department of Tourism and State Development during Richard Benda's tenure as Secretary. As a result of the federal inquiry, on April 8, 2013, the Governor requested that the Attorney General initiate a state investigation into the matter.

The Attorney General released his findings in a letter to the Governor on November 21, 2013. The findings indicated evidence of double billing and double recovery by Richard Benda on two sets of travel reimbursement vouchers. The Attorney General also disclosed financial concerns related to a one million dollar Future Fund grant to assist

Northern Beef L.P. and that \$550,000 of the grant was redirected from its intended purpose and purportedly used to pre-pay EB-5 loan monitoring fees for the South Dakota Regional Center, Inc. (SDRC). In response to these investigations, the Governor directed the GOED to take proactive steps to ensure the accountability of its funds and the existence of adequate internal controls and ordered three separate engagements conducted by independent accounting firms and the Department of Legislative Audit.

After the announcement of the Attorney General's findings, the 2014 Legislature passed House Concurrent Resolution 1010, which requested that the Government Operations and Audit Committee conduct hearings relating to the operations of the GOED.

The first hearing was held on March 7, 2014 to review the three separate reports. Representatives from each firm and the Department of Legislative Audit were in attendance to go through each report and answer Committee questions.

The Commissioner of the GOED gave a brief background on when and why the investigations and the three engagements of the GOED began.

Eide Bailly, LLP presented their internal controls examination report followed by responses from the GOED, the Bureau of Human Resources, and the State Auditor. The Director of Forensic Accounting and Senior Manager from Eide Bailly, LLP provided an overview of the results of their internal controls examination of the GOED. They answered Committee questions regarding their report. The Commissioner was also available during the Committee questions to help with answers.

The Commissioner of the Bureau of Human Resources (BHR) discussed the changes the state has made and other considerations regarding the Eide Bailly recommendations as they related to the BHR. The State Auditor also discussed the changes the state has made and other considerations regarding the Eide Bailly recommendations as they related to the State Auditor's Office.

Stulken, Petersen, Lingle, Walti & Jones, LLP presented their agreed-upon procedures report followed by a response from the GOED. A Partner and Senior Accountant from Stulken, Petersen, Lingle, Walti & Jones, LLP provided an overview of the results of their agreed-upon procedures engagement with the GOED. They gave a brief background of when and why Stulken, Petersen, Lingle, Walti & Jones, LLP was contacted to conduct its engagement. They explained the exceptions noted in the agreed-upon procedures engagement applicable to the funds they were asked to review. They answered Committee questions regarding their report. The Commissioner was also available during the Committee questions to help with answers.

Department of Legislative Audit presented their audit report of the GOED's Governmental Funds. The Auditor General and State Government Audit Managers from the Department of Legislative Audit provided an overview of the audit report of the GOED's Governmental Funds. The Auditor General explained that the report was an

audit of activities not audited during a routine audit of the GOED. He gave a brief description of the scope of the audit as well as a brief overview of the results of testing relating to the \$1,000,000 futures fund grant to the Northern Beef Packers Plant. An Audit Manager discussed the various sections within the audit report and answered Committee questions.

The Commissioner made closing comments regarding the last year and how all of the departments involved have worked diligently to fix any issues that have arisen throughout the investigations and engagements that have been conducted.

At the July 29, 2014 meeting, the GOED reported to the Committee that corrective actions had been completed for all the findings identified by the above three engagements.

Additional work was completed by the Committee in response to House Concurrent Resolution (HCR) 1010. A separate report will be completed by GOAC with details of the results of its work in regards to HCR 1010. The Committee will introduce legislation, during the 2015 session, to reduce the risk of future conflicts of interest involving current or former state employees and contracts with private entities.

Department of Game, Fish and Parks

The Department of Game, Fish and Parks (GFP) Wildlife Director provided the Committee an update on the Big Horn Sheep herds in South Dakota. The Director described the process of creating a Big Horn Sheep hunting license auction. The funds from the license auction are tracked to insure they are dedicated to Big Horn Sheep management. A memorandum of understanding was created with the Midwest Association of Wild Sheep Foundation to develop a license allocation system through their organization. The first license was offered in 2013.

The Director presented a video on the Montana Big Horn Sheep transplant project. Information was presented on the herd sizes and maintenance. The Director stated that the Oglala Sioux Tribe contributed an equal amount to the sheep transplant project.

The Director answered questions about the costs associated with this project. He explained that no personnel costs were paid for from the proceeds received from the big horn sheep tag auction. He added that no State funds went to support the herd on tribal land and that 100% of the Oglala Sioux Tribe costs went to their herd and 100% of the State costs went to our herd.

Department of Social Services

The Secretary of the Department of Social Services (DSS) gave updates on two occasions on the status of the Medicaid management information system (MMIS) upgrade process. She stated that the Centers for Medicare and Medicaid Services

(CMS) is taking a new approach to state systems and cannot support the current go-forward plan.

The Committee asked what impact this may have on providers and the public. The Secretary stated that the current MMIS system is still operating and providers and the public are not impacted.

The Committee asked about the dollars that were still available from the original contract amount. The Department Secretary stated that \$14.5 million remains from the original contract. She added that the new go-forward costs are not yet known and that DSS will explore options based on systems already in use in other states. She added that the Bureau of Information and Telecommunications will be assisting in finding technology that will work the best for South Dakota.

The Committee asked why CMS wants to take a different approach with the MMIS upgrade. The Department Secretary stated that CMS has indicated their desire to use functionality that has already been developed by other states and that this will help in reducing costs. She stated that DSS is waiting for direction from CMS on the new go-forward plan and that she will report back to the Committee as more is learned.

The Committee asked that future Department updates include information on the timing of the project, the money needed to complete the project and the status of the vendor relationship.

At the November 2014 meeting the Department Secretary reported that a firm will be hired to complete an assessment of the current MMIS project for the purposes of determining a settlement amount with the former MMIS vendor. The assessment will also provide the Department ideas for moving forward with the completion of the MMIS upgrade. The Department Secretary will report back to the Legislature on the results of the assessment, prior to the end of the 2015 Legislative session.

Office of the State Treasurer

The State Treasurer provided a handout that discussed the performance measures implemented in December 2013. A customer satisfaction survey was conducted to identify areas of deficiency, and an example handout was distributed. The Committee asked if follow-up was done with survey participants regarding areas noted for improvement. The Treasurer stated the surveys were anonymous so follow-up could not be done, but comments included on the survey were taken into consideration.

The Committee asked about the challenges his office encountered to implement performance measures and if percentages might be a better indicator for comparing to other states. The secretary reported that it is difficult to put a percentage on performance when the state has property that dates back to the early 1900's. He added that South Dakota works to try and return funds, whereas some states look at these funds as strictly revenue.

The Committee also asked for further explanation of operating expenses and how those expenses compare to cash receipts. The Treasurer stated that there are large fluctuations in the amounts that come in and operating expenses do not track with cash receipts. The Unclaimed Property Administrator added that expenses for the unclaimed property fund come out of that fund; they are not paid by the general fund. She also stated that advertising costs go up when they receive more unclaimed property and the State Treasurer's Office is required to advertise properties bi-annually.

Department of Education

The Secretary of the Department of Education presented information to the Committee on the use of performance indicators in meeting their overall goal, which is to ensure students are college, career, and life ready. Four specific goals of the Department are:

- 1) Students need to enter 4th grade proficient or advanced in Reading.
- 2) Enter 9th grade proficient or advanced in Math.
- 3) Increase the academic success of Native American students.
- 4) Students graduate high school ready for postsecondary and the workforce.

The Department has entered into a contract with Education Delivery Institute for the purposes of completing a capacity review.

The Department Secretary stated that the hardest part of this process was getting the departmental goals correct. All staff members were encouraged to connect their work to the main goals. She also stated that the Department looked at daily activities to ensure they aligned with the goals. The Department also sat down and thought through the items that would be in a toolbox of things that high school students need when they leave school. Geography is also an issue that the Department of Education has to be aware of when designing these programs.

The Committee asked if it was helpful to hire a consultant. The Department Secretary said that it was helpful and that the Education Delivery Institute has a goal to put into place routines and processes so that their services are no longer needed. She noted that it was very important to have someone help walk the Department through the initial process.

The Department Secretary stated that many of the things done currently are optional for the school districts. The Department of Education is customizing information and giving as much support in-house as possible to the school districts. There were over 5,000 teachers that took advantage of training for common core standards. The Department of Education is partnering with stakeholders to help move forward with implementing the teacher evaluation standards. The Department has gone from requiring statewide compliance to finding what can be done to ensure meaningful implementation.

Department of Health

The Secretary of the Department of Health presented information to the Committee on the use of performance indicators in meeting their overall goal, which is to promote, protect, and improve the health and well-being of all South Dakotans. Four specific goals of the Department are:

- 1) Improve birth outcomes and health of infants, children and adolescents
- 2) Strengthen the healthcare delivery system
- 3) Improve the health behavior of South Dakotans to reduce chronic disease
- 4) Strengthen South Dakota's response to current and emerging public health threats

The Department Secretary explained the changes made in their performance measures from the 2010 initiative to the 2020 initiative. An example of a change in performance measures came as the result of the Governor's Task Force report on infant mortality. The Committee appreciated the Department of Health's on-going efforts in the use of performance measures.

Chair Tidemann thanked Secretary Hollingsworth, who announced her retirement, for nineteen years of dedicated service to the State of South Dakota.

Bureau of Human Resources

The Commissioner for the Bureau of Human Resources (BHR) addressed the Committee and presented information to the Committee concerning the financial situation of the health plan, changes that have affected retirees, and the Tier 1 program.

- The fiscal year 2014 program costs came in at \$118,513,603, which was under budget.
- Through the first two months of fiscal year 2015, program costs are running 1.2 million over budget.
 - FY15 changes include deductible changes from \$500 to \$750 and \$1,000 to \$1,250, increased out of pocket maximum, prescription co-pay, eliminated the pre-age 65 subsidy, and the elimination of the subsidy for the COBRA program.
- Impact of Affordable Care Act - removed out of pocket lifetime maximum (previously \$2 million).
 - Several claimants have hit more than \$5 million since the removal of the cap.
 - In network charges now count toward the out-of-pocket maximums, reducing state savings on the program.

The Committee asked how pre-65 retirees were informed of the rate changes and the timing for the retirees to make enrollment decisions, and if the Health Savings Account plan was a good alternative for that group. The Director of Benefits stated that open

enrollment for the Affordable Care Act ended March 31, 2014 and that the initial communication about rate increases was sent April 11, 2014. The Commissioner noted that there are two phases to the subsidy removal process for pre-65 retirees. Half of the subsidy was removed July 1, 2014 and the other half will be removed after the next open enrollment period for the Affordable Care Act. In FY14, the subsidy amount was \$2.7 million. There are 570 pre-age 65 retirees, 155 spouses, and 76 other dependents affected by the subsidy changes. The HSA is available to any eligible participant of a high deductible plan and that they are planning to provide more education on the HSA plan.

The Commissioner also noted that high cost claimants are tracked very closely to manage the claims and minimize costs. There are consultants used for plan design and actuarial services.

The Commissioner for the Bureau of Finance and Management presented information to the Committee concerning the state's other post-employment benefits (OPEB) for pre-age 65 retirees in the health plan. He explained that the OPEB liability in the state's FY13 Comprehensive Annual Financial Report was \$68 million and that there are no other requirements, other than continuing to report the liability on the balance sheet until it is paid off. He stated the FY13 implicit rate subsidy, per person in the pre-age 65 participant group, was \$2,652.65.

The Committee asked why this continues to be a liability. The Commissioner explained that when the revenues from retirees does not equal the cost associated with retirees health care, the state is left with a liability. He added that the changes to the pre-age 65 premium rates is an attempt to charge retirees an amount that is closer to the actual costs associated with the pre-age 65 participant group, thus reducing the liability over time. He also explained the state has been providing benefits to retirees for a long time, while the amount of subsidization has changed over time. The recognition of this subsidy on the financial statements has been reviewed more in the last 5 years.

The Commissioner for the BHR then provided the Committee an overview of the Tier 1 (specific medical services) changes. The following are the locations for Tier 1 services:

- Avera – Renal care
 - Sanford – Cardiac care, orthopedic care, bariatric care
 - Sioux Falls Specialty Hospital – Gastroenterology care
- *Modifications have occurred with colonoscopies which have been removed from Tier 1. Only diagnostic colonoscopies have remained a Tier 1 service.

*Medically complex situations have been given individual leeway for continuity of care.

The Commissioner stated that the contracts for Tier 1 services were three year contracts. She explained that members have a choice of what benefit level they receive by going to different facilities. They can choose to remain in their local community and receive a different benefit level for their care. She added, there is a gap in Western

South Dakota and the BHR is working with providers on that side of the state to become Tier 1 providers and get the services in place.

The Assistant Benefits Director identified that there are specific cases where it does not make sense for a patient to travel. She added that aftercare can be provided at other facilities when it is not feasible to use a Tier 1 facility.

The Committee was concerned about the Tier 1 services being offered in specific locations in the state and the appearance that the Tier 1 changes were based solely on financial reasons. The Commissioner concluded the goal is to continue to offer a stable health plan in the future. She added that they will continue to look at the data regarding Tier 1 services.

Department of Public Safety

The State 911 Coordinator appeared before the Committee to present the 2014 Annual Report of the South Dakota 911 Coordination Board. The report included:

- Board membership
- Summary of Board activities
- Review of actions required by State law
- Surcharge collections report
- 911 Coordination Fund condition statement
- City/County annual financial report summary

The State 911 Coordinator also provided a map to the Committee of the Public Safety Answering Points in South Dakota. The Committee asked questions about the progress made in the implementation of the next generation 911 system and will revisit this topic in the future.

The Building South Dakota Fund annual reports

The Committee reviewed the annual reports called for with the passage of Senate Bill 235, the “Building South Dakota Fund,” during the 2013 Legislative Session. The Governor’s Office of Economic Development (GOED) explained the purpose and outcomes associated with the following programs under their supervision:

Economic Development Partnership Program

This program provides matching grants to assist in funding equipment and training needs, new staff, or to elevate existing part-time staff, for the purpose of developing or expanding local and community economic development programs. Economic Development Partnership grants may also be used to commence or replenish local revolving loan funds for the purpose of developing or expanding housing, community development, and economic development programs. The GOED reported the following information for the fiscal year ended June 30, 2014:

- Total number of grants approved - 17
- Total dollars awarded - \$1,059,800
- Four year projected budget for all grant recipients - \$2,979,133
- Total full-time-equivalent positions created - 50.5
- Total population served - 69,690
- Total outside dollars leveraged - \$3,376,219

Local Infrastructure Improvement Program

This program provides grants to assist in funding the construction or reconstruction of infrastructure for the purpose of serving economic development projects. The GOED reported the following information for the fiscal year ended June 30, 2014:

- Total number of grants approved - 8
- Total dollars awarded - \$1,387,657
- Total full-time-equivalent positions created - 145
- Total population served - 37,680
- Total project costs - \$14,770,034

South Dakota Jobs Grant Program

This program is available to assist companies in offsetting the upfront costs associated with relocating or expanding operations and/or upgrading equipment in South Dakota. The program allows for project owners to receive a South Dakota Jobs grant for new or expanded facilities with project costs less than \$20,000,000, or for equipment upgrades with project costs less than \$2,000,000. The GOED reported the following information for the fiscal year ended June 30, 2014:

- Total number of grants approved - 2
- Total dollars awarded - \$32,000
- Total full-time-equivalent positions created - 52
- Total population served – 157,694
- Total project costs - \$1,615,000

Reinvestment Payment Program

This program is available to assist in offsetting the upfront costs associated with relocating or expanding operations and/or upgrading equipment in South Dakota. The program allows for project owners to receive a reinvestment payment, not to exceed the South Dakota sales and use tax paid on project costs, for new or expanded facilities with project costs in excess of \$20,000,000, or for equipment upgrades with project costs in excess of \$2,000,000. The GOED reported the following information for the fiscal year ended June 30, 2014:

- Total number of grants approved - 7
- Total dollars awarded - \$8,746,697
- Total full-time-equivalent positions created - 367
- Total population served – 44,715

- Total project costs - \$404,157,685

South Dakota Housing Opportunity Fund

The South Dakota Housing Development Authority (SDHDA) explained the purpose and outcomes associated with the Housing Opportunity Fund, which is under their supervision. The Housing Opportunity Fund was designed to promote economic development in South Dakota by expanding the supply of decent, safe, sanitary and affordable housing targeted to low and moderate income families and individuals in South Dakota. The Housing Opportunity Fund may be used for new construction, the purchase and rehabilitation of rental or homeownership housing, housing preservation, homelessness prevention activities and community land trusts. The SDHDA held two application cycles during the 2014 fiscal year. Awards were announced on December 18, 2013, and on May 5, 2014. A total of \$6,200,000 in applications was received for both rounds of funding. As a result of the application cycles, 646 families will benefit from more than \$3,700,000 awarded to 40 projects across the state. The projects range from the new construction of single family homes and multifamily units to homelessness prevention and homebuyer assistance.

Workforce Education Fund

The South Dakota Department of Education explained the purpose and outcomes associated with the Workforce Education Fund, which is under their supervision. The Workforce Education Fund was created to fund the limited English proficiency adjustment, provide grants for the purposes of providing secondary career and technical education programs and provide additional one-time funding to school districts. The only distribution from the fund in fiscal year 2014 was to fund the limited English proficiency adjustment. Therefore, no additional dollars were available to provide funding for career and technical education programs or to the school districts.

Law Enforcement Officers Training Fund

Senator Tidemann and Representative Dryden met on three occasions with the Attorney General, Unified Judicial System and the Bureau of Finance and Management to develop short and long-term solutions to the deficit balance in the Law Enforcement Officers Training Fund. The following solutions were developed by the group and presented to GOAC at the September 24, 2014 meeting:

Short-term solution (for FY14)

- Unified Judicial System (UJS) used \$439,000 of their General funds to help offset the deficit in FY14 with end of year actions (instead of reverting a portion of their General funds). In the prior year (FY13), UJS was asked and complied by offsetting their LEOT allocation of \$410,000 with General and Other funds.

Long-term solutions

- Develop a progressive rate on the liquidated costs of \$20 - \$250 depending upon the amount of the fine. This model could generate approximately \$1.2 to \$1.3 million, but if the fines are not paid then the dollar amount would be less than projected.
- Use General funds to cover space billings of approximately \$500,000 and personnel costs associated with the Crime Lab of approximately \$600,000. The Attorney General will incorporate these changes in his FY16 budget request.
- Use General funds to cover the educator in UJS of approximately \$90,000. UJS will incorporate this change in their FY16 budget request.

Future considerations discussed

- Repeal the sunset provision called for in SDCL 16-2-39.1 relating to surcharges on small claim actions (sunset to occur in FY16). This sunset would have a financial impact of approximately \$100,000.
- Repeal the sunset provision called for in SDCL 16-2-29.7 and amend SDCL 16-2-29.5 to provide that a \$5 fee (per record search) be deposited in the LEOT fund (sunset to occur in FY18). This sunset would have a financial impact of approximately \$900,000.
- Repeal the sunset provision called for in SDCL 16-2-29.7 and amend SDCL 16-2-29.5 to provide that a \$5 fee (per record search) be available for use by UJS in place of their annual LEOT fund allocation.

The solutions developed were communicated to staff of the Appropriations Committee for future budget considerations.

General Fund Encumbrance Report

Legislative Audit prepared a recap report of one and two year General Fund carryovers as of June 30, 2014. Agencies are required to prepare a "carryover request form" and submit the form to the Bureau of Finance and Management. All carryovers must be approved by the Bureau of Finance and Management. The report was prepared from records maintained by the Bureau of Finance and Management. The Committee asked a number of questions about the report and the carryover process. The Committee requested no further information regarding the carryover report.

Juvenile Corrections

The Committee is charged with the responsibility to review any findings of abuse or neglect of juveniles in a juvenile correctional facility.

The Committee receives a semi-annual report from the Juvenile Corrections Monitor (JCM) as required by state law. This report details complaints received at the state owned juvenile corrections facilities. The JCM must immediately notify the Governor, Department of Corrections Secretary, and the Government Operations and Audit Committee in writing of any substantiated abuse or neglect.

The Committee requested that the Attorney General review various juvenile corrections reports to assure that no personally identifiable confidential information was contained in the reports prior to releasing the documents as public information.

The semi-annual Juvenile Correction Monitor Reports for the period July 1, 2013 through December 31, 2013, and for the period January 1, 2014 through June 30, 2014, along with the Department of Corrections semi-annual Reports on Allegations of Abuse and Neglect in Private Placement Facilities for the period July 1, 2013 through December 31, 2013, and for the period January 1, 2014 through June 30, 2014, were reviewed by the Committee. The reports contained two sections prescribed by state law. The first section contains the public information portion of the report and the second section contains the confidential information which is not open to public inspection.

The Committee reviewed the report entitled Allegations of Abuse and Neglect in Private Contracted Facilities and discussed policies and procedures with the Department of Corrections. The Committee requested and has been receiving these reports on a semi-annual basis like the Juvenile Corrections Monitor Report. Committee discussion centered on policies and procedures and corrective action taken by the Department to address any problems/issues identified.

Blue Book

The GOAC Other Fund Information by Agency (Blue Book) was distributed to the Committee at the September 24, 2014 meeting. At this time, the Committee has not selected any funds for further review.